

**Income Maintenance Administration Allocation
Funding Request for the 2003-2005 State Budget
Updated 11/06/2002**

History

The Income Maintenance Administration Allocation funds local county social services and human services departments to provide Economic Support Programs (including Medicaid/BadgerCare, Food Stamps, Family Care, Caretaker Supplement (C-Sup), and Funeral and Cemetery Aids Programs) to their local county residents. Income Maintenance Administration Allocation dollars are funded 50% by State GPR dollars and 50% from federal funds. *(It is important to note that county social services and human services departments also operate child care programs that are highly integrated with Income Maintenance programs.)*

Income Maintenance Administration Allocation formulas historically included factors that indexed the overall State and Federal monies available to counties for workload growth or reductions, for inflation, and for supplemental funds to support new programs. In 1985, budgetary shortfalls faced the State of Wisconsin and Act 120 was passed which deleted a 3% inflationary increase to the Income Maintenance Administration Allocation. When the State's financial situation improved, the inflationary index was never restored. Local agencies have been operating programs for the last 17 years without any indexing for inflationary costs.

Problem

Significantly rising program costs, rising caseloads, and increased federal and state program requirements during the last eight years (calendar year 1996- calendar year 2003) have put huge strains on our current Economic Support delivery system, to the point that the system is currently in "CRISIS". Specifically, we draw your attention to the following statistics.

- * The Income Maintenance Administration Allocation has been inadequate to fund the State's federally mandated programs for many years. Local agencies had to contribute over \$7.1 million dollars in calendar year 2001 to keep these programs running for the State. (Over 13% of the total Income Maintenance Administration Allocation's operational expenses).
- * The Income Maintenance Administration Allocation hasn't received a cost of living increase since 1985, over 17 years ago. Rising health insurance costs, labor costs, and infrastructure costs during the past 17 years have seriously diminished the program's effectiveness. *At even a modest 2% annual cost of living increase per year, the programs lost 40% of its capacity to serve clients since 1985.*
- * The Income Maintenance Allocation has never been increased to cover the rising amount of new administrative requirements being added to these programs. These new requirements include customer service plans, increased quality assurance reviews, increased training requirements, and significant new program complexities.

- * The Income Maintenance Administration Allocation was never increased to cover the cost of adding three new administrative agencies in the State. These additions occurred over the past seven years.
- * During the past eight years (January 1996 to the present), Economic Support caseloads have increased across the State by 24.98%, from an unduplicated case count of 192,320 families in January of 1996 to the present unduplicated case count of 240,365 families in May of 2002. (Please see attached caseload analysis prepared by Jodi Ross of the Department of Health and Family Services.)

Solutions

Despite rising caseloads, increased service delivery costs, and more complex programs we fully realize that there are not adequate State and Federal resources available to remedy all of the Economic Support Program's current concerns. It is clearly acknowledged that several different solutions are going to have to be implemented to enable Economic Support Programs to continue to operate in the future.

A three pronged solution is proposed to address these critical State programs and to ensure that service delivery can continue into the next biennial budget and beyond. The three pronged solution includes:

- * State and local officials to research additional technological advances, specifically at computer hardware and software, optical imaging software, and integration of computer and telephone systems to try to bring increased efficiency and effectiveness into the Economic Support Delivery system. Milwaukee County has currently been a leader in implementing new ways of doing business with technology in their processing change center. Research needs to be done to improve the use of technology and consider using the change system state-wide to improve local agency worker efficiency. Technology currently being used to process Senior Care also needs to be reviewed for larger system implementation.
- * State and local officials to continue working on simplifying Economic Support Program's rules and regulations and reduce workloads in any way possible. Currently the Income Maintenance Advisory Committee and its active subcommittees are reviewing all of the programs we administer and trying to find ways we can simplify them, make them more alike, and streamline them in all Federally accepted manners.
- * Restore the cost of living increases to the Income Maintenance Administration Allocation including an eight year modest cost of living "catch up" provision. It is recommended to restore annual cost of living adjustments tied to the annual consumer price index. A one-time cost of living "catch up" for these life sustaining programs of 17.17%, based on 8 years of a modest 2% annual cost of living increase, is also being requested.

2003-2005 State Biennial Budget Request

State GPR funding for Income Maintenance Administration for calendar year 2002 is budgeted at \$28,681,266. We request a one-time cost of living catch-up of 17.17%, based on 8 years of a modest 2% annual cost of living increase, for FY2004 and then annual cost of living increases for the Income Maintenance Administration allocation based on the weighted average of the Employment Cost Index and the Consumer Price Index, not to exceed 5% in any given year.

Our cost of living adjustments result in a State GPR increase request of \$4,924,573 for Income Maintenance Administration for FY2004 and an estimated GPR increase request of \$5,023,064 for FY2005.

We feel this request is very justifiable. The Department of Health and Family Services has asked for cost of living increases for State Administration of Income Maintenance Programs, for the CARES computer system, for the private subcontracts of Income Maintenance Administration (EDS), and for increases in benefits for these programs. At the present time, the only individuals excluded from the requested increases are the local service providers. With caseloads at an all time high, new administrative requirements, and rising local service delivery costs, we cannot forget our front-line service providers in cost of living adjustments.

While this request will partially provide for the significant loss sustained during the past 17 years of not having a cost of living increases (when almost all other parts of the system did continue to receive increases), it still falls well below the calculated 40% loss the program sustained. In addition, our request also excludes any request for increased funding to accommodate our large caseload increase, our increased administrative workloads, or for the new administrative entities that joined service provision during the past seven years. This request is a very modest one in light of all the factors currently impacting service delivery of Economic Support Programs provided under the Income Maintenance Administrative Allocation.

We thank you in advance for helping ensure that people of Wisconsin are not forgotten and are supplied with the services they need in order to get food stamp and medicaid benefits.

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